

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 AGR-05 COME-00 L-03 H-02

STR-04 CIAE-00 INR-07 NSAE-00 TRSE-00 OMB-01 SP-02

AID-05 NSC-05 CIEP-01 SS-15 CEA-01 /077 W

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P 262110Z FEB 76

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC PRIORITY 6200

INFO AMEMBASSY LONDON

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E.O. 11652: N/A

TAGS: ETRD, EAGR, DR

SUBJECT: COFFEE: DR COFFEE PRICE SITUATION

REF: STATE 034044 (NOTAL)

1. FOLLOWING KEYED TO PARAGRAPH TWO OF REFTEL.

A. INTERNAL RETAIL PRICE OF COFFEE BEFORE JULY 17, 1975
APPROXIMATELY 75 CENTS PER POUND. CURRENT RETAIL PRICE
NEAR 95 CENTS PER POUND.

B. DOLLAR PRICES PAID BY DOMESTIC COFFEE ROASTERS OR
PROCESSORS BEFORE JULY 17, 1975, ABOUT \$46.50 PER 100
POUNDS. ONE WEEK AFTER FREEZE IN BRAZIL PRICE WENT UP TO
\$72.50 PER 100 POUNDS. CURRENT PRICE APPROXIMATES \$87 PER
100 POUNDS.

C. NO NEW SPECIFIC GODR PROGRAMS TO RESTRICT DIRECTLY OR
ENCOURAGE EXPORTS. TWO NEW TAX MEASURES ON COFFEE EXPORTS
MODIFYING OLD TAX MEASURE OF AUGUST 1968, ONE IN AUGUST
1975 AND THE OTHER IN JANUARY 1976. PROGRESSIVE
EXPORT TARIFFS BASED ON FOB EXPORT PRICE (CURRENT
FOB PRICE \$91 PER 100 POUNDS) WERE INTRODUCED AS DEVICES
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TO GENERATE FISCAL FUNDS TO BE PLOWED BACK INTO REHABILITATION

OF COFFEE TREES, INCREASED CREDITS, AND SO ON (SEE E BELOW). IN LONG RUN, USE OF TAX FUNDS WILL PROBABLY INCREASE PRODUCTION AND CONSEQUENTLY EXPORTATION. DECREE OF JANUARY 1976 SET UP COMMISSION HEADED BY SECRETARY OF AGRICULTURE AND INCLUDING EQUAL NUMBERS OF PRODUCERS AND EXPORTERS TO QUOTE DISTRIBUTE RATIONALLY UNQUOTE THE COFFEE EXPORT QUOTAS ASSIGNED TO THE DR UNDER INTERNATIONAL COFFEE AGREEMENTS.

D. PRICES PAID TO COFFEE PRODUCERS SAME AS B. ONE PRICE FOR DOMESTIC AND EXPORT MARKETS.

E. NEW GOVERNMENT MEASURES SINCE FROST TO ENCOURAGE PRODUCTION USING FUNDS FROM TAX MEASURE MENTIONED IN C INCLUDE RE-EVALUTATION OF SECRETARIAT OF AGRICULTURE REHABILITATION PROGRAM WHICH REPORTS 39,500 ACRES REHABILITATED TO DATE, PLANS FOR AN ADDITIONAL 16,000 ACRES TO BE INCLUDED IN REHABILITATION PROGRAM, A PILOT RENOVATION PROGRAM OF 800 ACRES TO REPLACE OLD TREES, AND A SPECIAL CREDIT TO COFFEE PLANTATIONS REHABILITATED MORE THAN TWO YEARS AGO. THIS CREDIT IS A REVOLVING FINANCIAL ACCOUNT FOR PRUNING AND FERTILIZATION COMPRISING ANOTHER 16,000 ACRES.
HURWITCH

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Message Attributes

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